



# **STRENGTHENING THE SAFETY NET**

## ***A FINANCIAL ANALYSIS OF NEW HAMPSHIRE'S COMMUNITY HEALTH CENTERS***

### **Health First Family Care Center**



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# **Health First Family Care Center Financial Analysis 1998-1999**

## **Summary**

Health First Family Care Center has run a deficit in the fiscal years 1998 and 1999, one and a half years after it was established. 82.2% of the organization's cash was generated from accounts payable and accrued expenses, and the Center's accounts receivable balance grew (a use of 62.1% of cash). Health First's net assets have been depleted to below 0, and the Center's current ratio was 0.8 in 1999.

## **Cash Flows**

In addition to using cash to finance an increase in accounts receivable, 24.2% of Health First's cash was used to support operating losses. The largest sources of cash include accounts payable and accrued expenses (82.2%) and depreciation (15.0%).

## **Profitability**

During 1998 and 1999, Health First had operating losses of 3% and 5%. After increasing operating revenues and expenses in 1998 by 2.5 and 3.8 times, respectively, both operating revenues and expenses decreased in 1999.

## **Liquidity and Solvency**

As accounts receivable collection is slow and Health First's cash reserves have been used to support operations, cash reserves have been depleted to 406 days cash on hand. In 1999, net assets were at a deficit of \$12,166, and the Center's current ratio was 0.8.

Source: Audited Financial Statements. Prepared by Jennifer Scott, Paul Giaudrone, and Hyun Ryu under the supervision of Nancy Kane, DBA, Harvard School of Public Health.